

**CHANDLER TOWNSHIP
HURON COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS
MARCH 31, 2008**

CHANDLER TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Chandler Township
Elkton, Michigan 48731

We have audited the accompanying financial statements of the governmental activities and each major fund of Chandler Township, as of and for the year ended March 31, 2008, which collectively comprise Chandler Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chandler Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Chandler Township, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplemental information on pages ii through v and 14 through 17 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Nietzke & Faupel, PC
NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

September 8, 2008

Circular 230 Disclosure: To the extent the above contains an opinion on one or more federal tax issues, such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.

Our discussion and analysis of Chandler Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2008. These points are discussed in further detail in this discussion and analysis.

- The Fund balance in the general fund increased from \$361,859 to \$402,262 during the past year. The increase of \$40,403 is due primarily from the absence of an operating transfer to the road construction that took place in the fiscal year 2007.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows a condensed view of the net assets as of March 31, 2008

	Governmental Activities	Total
Current assets	\$ 503,253	\$ 503,253
Capital assets	50	50
	<u>50</u>	<u>50</u>
Total assets	<u>\$ 503,303</u>	<u>\$ 503,303</u>
Current liabilities	\$ 111	\$ 111
	<u>111</u>	<u>111</u>
Total liabilities	<u>\$ 111</u>	<u>\$ 111</u>
Net assets:		
Invested in capital assets	\$ 50	\$ 50
Restricted	63,691	63,691
Unrestricted	<u>439,451</u>	<u>439,451</u>
Total net assets	<u>\$ 503,192</u>	<u>\$ 503,192</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$439,451. This is approximately 87% of the total net assets for governmental activities.

The following table shows the changes of the net assets during the year ended March 31, 2008:

	Governmental Activities	Total
Net assets-beginning of year	\$ 428,086	\$ 428,086
Revenue		
Property taxes	260,816	260,816
State shared revenues	38,955	38,955
Unrestricted Investment earnings	16,173	16,173
Contributions	19,998	19,998
Miscellaneous	3,240	3,240
Total revenues	339,182	339,182
Expenses		
General government	62,203	62,203
Public safety	18,137	18,137
Highways and streets	183,736	183,736
Total expenses	264,076	264,076
Change in net assets	75,106	75,106
Net assets - ending	\$ 503,192	\$ 503,192

Capital asset and Debt Administration

As of March 31, 2008, Chandler Township had a total of approximately \$50 (net of depreciation) invested in capital assets including land, buildings and equipment. There were no capital asset acquisitions or disposals and no long-term debt activity during the fiscal year.

Economic Factors and Next Year's Budgets and Rates

The Township completed the re-paving project of local roads during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to Kevin Roestel, Township clerk, Filion Road, Pigeon, MI 48755.

BASIC FINANCIAL STATEMENTS

CHANDLER TOWNSHIP
STATEMENT OF NET ASSETS
March 31, 2008

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash on hand and in bank	\$ 485,462
Receivables:	
Taxes	17,791
Capital assets:	
Land and building	8,050
Equipment	2,000
Less: Accumulated depreciation	(10,000)
TOTAL ASSETS	<hr/> 503,303 <hr/>
<u>LIABILITIES</u>	
Payroll withholdings payable	111
TOTAL LIABILITIES	<hr/> 111 <hr/>
<u>NET ASSETS</u>	
Invested in capital assets	50
Restricted for:	
Emergency services	63,691
Unrestricted	439,451
TOTAL NET ASSETS	<hr/> \$ 503,192 <hr/>

The accompanying notes are an integral
part of the financial statements.

CHANDLER TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

		PROGRAM REVENUES			NET (EXPENSE)
			OPERATING	CAPITAL	REVENUES & CHANGES
	<u>EXPENSES</u>	<u>CHARGES FOR</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>	<u>IN NET ASSETS</u>
<u>Governmental Activities</u>		<u>SERVICES</u>	<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	<u>GOVERNMENTAL</u>
					<u>ACTIVITIES</u>
General government	\$ 62,203				\$ (62,203)
Public safety	18,137				(18,137)
Highways and streets	183,736			\$ 19,997	(163,739)
Total Governmental Activities	<u>\$ 264,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,997</u>	<u>(244,079)</u>
 General Revenue:					
					260,817
					38,955
					16,173
					3,240
					<u>319,185</u>
					<u>75,106</u>
					428,086
					<u>\$ 503,192</u>

The accompanying notes are an integral part of the financial statements.

CHANDLER TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

March 31, 2008

		ROAD	TOTAL
<u>ASSETS</u>	<u>GENERAL</u>	<u>CONSTRUCTION</u>	<u>GOVERNMENTAL FUNDS</u>
Cash on hand and in bank	\$ 485,462		\$ 485,462
Receivables:			
Taxes	5,186	\$ 12,605	17,791
Due from other funds		24,584	24,584
TOTAL ASSETS	<u>\$ 490,648</u>	<u>\$ 37,189</u>	<u>\$ 527,837</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Payroll withholdings payable	\$ 111		\$ 111
Due to other funds	24,584		24,584
TOTAL LIABILITIES	<u>24,695</u>		<u>24,695</u>
 FUND BALANCES:			
Reserved for emergency services	63,691		63,691
Unreserved	402,262	\$ 37,189	439,451
TOTAL FUND BALANCES	<u>465,953</u>	<u>37,189</u>	<u>503,142</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 490,648</u>	<u>\$ 37,189</u>	<u>\$ 527,837</u>

The accompanying notes are an integral part of the financial statements.

CHANDLER TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS
MARCH 31, 2008**

Total governmental fund balances	\$ 503,142
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in the funds. The cost of the assets is
\$10,050 less the accumulated depreciation of \$10,000.

50

Net assets - governmental activities	<u>\$ 503,192</u>
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CHANDLER TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	<u>GENERAL</u>	<u>ROAD CONSTRUCTION</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:			
Taxes	\$ 67,709	\$ 183,914	\$ 251,623
Administration fees	9,193		9,193
Licenses and permits	670		670
State revenue sharing	38,955		38,955
Investment income	1,646	14,527	16,173
Other	2,570		2,570
Contribution from private source		19,997	19,997
TOTAL REVENUES	<u>120,743</u>	<u>218,438</u>	<u>339,181</u>
EXPENDITURES:			
General government	62,203		62,203
Public safety	18,137		18,137
Highways and streets		183,736	183,736
TOTAL EXPENDITURES	<u>80,340</u>	<u>183,736</u>	<u>264,076</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>40,403</u>	<u>34,702</u>	<u>75,105</u>
FUND BALANCE - BEGINNING OF YEAR	361,859	2,487	364,346
FUND BALANCE - END OF YEAR	<u>\$ 402,262</u>	<u>\$ 37,189</u>	<u>\$ 439,451</u>

The accompanying notes are an integral part of the financial statements.

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Township operates under a board-supervisor form of government and provides the following services as authorized by its charter: Public Safety-Fire and Ambulance, Highways and Streets, Cemetery, Public Improvements, Planning and Zoning, and General Administrative Services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used in the Township is discussed below.

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

Reporting Entity

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units which should be included in the reporting entity of Chandler Township.

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Road Construction fund as a major special revenue fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2008 consist of property taxes and interest. Taxes are deemed collectible in full.

CHANDLER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

A summary of Governmental Fund capital assets at March 31, 2008, follows:

Land	\$ 50
Buildings	8,000
Equipment	2,000
Less accumulated depreciation	(10,000)
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 50</u>

CHANDLER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - CASH DEPOSITS:

At March 31, 2008, the carrying amount of the Township's deposits was \$485,462 and the bank balance was \$485,462. Of the bank balance, \$100,000 was covered by federal depository insurance and \$385,462 was uncollateralized.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority. The Township's investment policy does not specifically address credit risk, custodial credit risks, concentration of credit risk, or interest rate risk in accordance with GASB Statement 40.

NOTE 3 – BUDGET COMPLIANCE:

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 2 of 1968, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
Drains at large	\$ 7,700	\$ 8,636	\$ (936)

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 4 - RETIREMENT PLAN:

During the year ended March 31, 1992, Chandler Township established a defined contribution group pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of these contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. To be eligible to participate in the Plan, an employee of the Township must be in an eligible class of employees. For Chandler Township, the eligible class of employees are employees who are elected officials. Contributions made by an employee and contributions made by the Township vest immediately. An employee who leaves the employment of the Township is entitled to his or her contributions and the Township's contributions if vesting requirements are satisfied. Each employee may make single sum voluntary after tax contributions at times specified by the Plan Administrator during each plan year. The Township is required to contribute an amount equal to 15% of the employee's gross earnings.

During the year the Township's required and actual contributions amounted to \$4,102 which was 16.7% of its current-year covered payroll. The excess contributions made by the Township were in recognition of employee service prior to the Plan's original effective date. The Township's current-year covered payroll and total payroll amounted to \$24,555.

NOTE 5 - RISK MANAGEMENT:

Significant losses are covered by commercial insurance. For the year ended March 31, 2008, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

REQUIRED SUPPLEMENTAL INFORMATION

CHANDLER TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
TAXES:				
Taxes			\$ 67,709	
Administration fees			9,193	
TOTAL TAXES	<u>\$ 69,400</u>	<u>\$ 69,400</u>	<u>76,902</u>	<u>\$ 7,502</u>
LICENSES AND PERMITS	600	600	670	70
INTERGOVERNMENTAL:				
State revenue sharing	36,000	36,000	38,955	2,955
INTEREST	1,500	1,500	1,646	146
OTHER REVENUE	2,500	2,500	2,570	70
TOTAL REVENUES	<u>110,000</u>	<u>110,000</u>	<u>120,743</u>	<u>10,743</u>
EXPENDITURES:				
General Government				
TOWNSHIP BOARD:				
Trustee salaries			2,430	
Retirement			493	
Professional fees			1,205	
Dues			503	
Payroll taxes			20	
Education			433	
TOTAL TOWNSHIP BOARD	<u>7,000</u>	<u>7,000</u>	<u>5,084</u>	<u>1,916</u>
SUPERVISOR:				
Salary			7,375	
Retirement			1,257	
Payroll taxes			107	
Education			1,155	
TOTAL SUPERVISOR	<u>11,500</u>	<u>11,500</u>	<u>9,894</u>	<u>1,606</u>
ELECTIONS:				
Salary			368	
Supplies			247	
TOTAL ELECTIONS	<u>3,500</u>	<u>3,500</u>	<u>615</u>	<u>2,885</u>

(Continued)

CHANDLER TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
ASSESSOR:				
Salary			5,236	
Tax roll preparation			1,745	
TOTAL ASSESSOR	<u>7,500</u>	<u>7,500</u>	<u>6,981</u>	<u>519</u>
CLERK:				
Salary			6,850	
Deputy clerk			300	
Retirement			1,099	
Payroll taxes			122	
Office supplies			1,060	
Travel			121	
Legal notices			224	
TOTAL CLERK	<u>10,000</u>	<u>10,000</u>	<u>9,776</u>	<u>224</u>
BOARD OF REVIEW:				
Salaries			1,050	
Payroll taxes			15	
TOTAL BOARD OF REVIEW	<u>1,500</u>	<u>1,500</u>	<u>1,065</u>	<u>435</u>
TREASURER:				
Salary			7,900	
Deputy treasurer			300	
Retirement			1,252	
Payroll taxes			138	
Office supplies			937	
Travel			211	
TOTAL TREASURER	<u>11,500</u>	<u>11,500</u>	<u>10,738</u>	<u>762</u>
TOWNSHIP HALL AND GROUNDS:				
Insurance			4,226	
Utilities			1,101	
TOTAL TOWNSHIP HALL AND GROUNDS	<u>18,000</u>	<u>18,000</u>	<u>5,327</u>	<u>12,673</u>
CEMETERY:				
Repairs and maintenance	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>

(Continued)

CHANDLER TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
FIRE FIGHTING:				
Standby fees	<u>21,000</u>	<u>21,000</u>	<u>16,300</u>	<u>4,700</u>
BUILDING INSPECTOR:				
Inspection fees	<u>600</u>	<u>600</u>	<u>315</u>	<u>285</u>
PLANNING AND ZONING:				
Salaries			1,040	
Payroll taxes			<u>49</u>	
TOTAL PLANNING AND ZONING	<u>2,000</u>	<u>2,000</u>	<u>1,089</u>	<u>911</u>
DRAINS:				
Drains at large	<u>7,700</u>	<u>7,700</u>	<u>8,636</u>	<u>(936)</u>
STREET LIGHTING:				
Utilities	<u>600</u>	<u>600</u>	<u>183</u>	<u>417</u>
AMBULANCE:				
Contracted services	<u>2,500</u>	<u>2,500</u>	<u>1,837</u>	<u>663</u>
CAPITAL OUTLAY:				
Township hall and grounds	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL EXPENDITURES	<u>108,400</u>	<u>108,400</u>	<u>80,340</u>	<u>28,060</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>1,600</u>	<u>1,600</u>	<u>40,403</u>	<u>38,803</u>
OTHER FINANCING (USES):				
Operating transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(38,400)</u>	<u>(38,400)</u>	<u>40,403</u>	<u>78,803</u>
FUND BALANCE - APRIL 1, 2007	<u>361,859</u>	<u>361,859</u>	<u>361,859</u>	
FUND BALANCE - MARCH 31, 2008	<u>\$ 323,459</u>	<u>\$ 323,459</u>	<u>\$ 402,262</u>	<u>\$ 78,803</u>

**CHANDLER TOWNSHIP
ROAD CONSTRUCTION FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Taxes			\$ 183,914	
Investment income			14,527	
Other			19,997	
TOTAL REVENUE	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>218,438</u>	<u>\$ 38,438</u>
EXPENDITURES:				
Road construction			176,186	
Dust and brush control			7,550	
TOTAL EXPENDITURES	<u>220,000</u>	<u>220,000</u>	<u>183,736</u>	<u>36,264</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(40,000)</u>	<u>(40,000)</u>	<u>34,702</u>	<u>74,702</u>
OTHER FINANCING SOURCES:				
Operating transfers in	40,000	40,000	-	(40,000)
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>	<u>34,702</u>	<u>34,702</u>
FUND BALANCE - APRIL 1, 2007	2,487	2,487	2,487	
FUND BALANCE - MARCH 31, 2008	<u>\$ 2,487</u>	<u>\$ 2,487</u>	<u>\$ 37,189</u>	<u>\$ 34,702</u>



Partners: Donald C. Faupel, CPA Jeffrey P. Bushey, CPA

Consultant: Allan W. Nietzke, CPA

Principals: Eugene R. Gascho, COO

Brian V. Hazard, CPA JoAnn E. Lakie, CPA

Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

CPA's On Your Team

To the Board of Trustees
Chandler Township
Pigeon, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Chandler Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Chandler Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal controls.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

We noted that duties involving cash receipts are combined whereby one person is completely responsible for the entire cash receipts process. To improve the internal controls over cash receipts, we recommend that Chandler Township establish new procedures for handling incoming checks. We recommend that one person, independent of the accounting records, open the mail and restrictively endorse all incoming checks. This person should keep a daily log of all incoming checks. Copies of the checks should be forwarded to the appropriate person for processing and recording in the accounting system and for timely deposit. A third person should periodically compare and contrast deposit slips to the daily log of incoming checks to ensure that all the receipts were deposited. By segregating the cash handling, recording, and depositing functions, Chandler Township will be able to more accurately track all incoming checks and strengthen the system of internal controls over cash receipts.

We noted that duties involving cash disbursements whereby one person is completely responsible for the signing of checks. To improve the internal controls over cash disbursements, we recommend that Chandler Township establish new procedures that require dual signatures on the checks. We recommend that one person, independent of the accounting records also sign all checks.

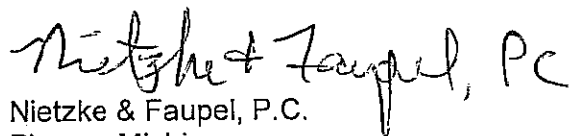
Circular 230 Disclosure: To the extent the above contains an opinion on one or more federal tax issues, such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Our audit procedures revealed that there is no systematic method of ensuring that timely and complete year end reconciliation and closing procedures take place. This accounting function disorganization will ultimately cause significant errors in the financial records and financial statements as well as allow possible irregularities, including fraud, to exist and continue without notice. This situation should be corrected as soon as possible with the establishment of a system of consistent closing procedures.

The personnel of the Chandler Township have the capability to perform monthly internal accounting functions and reports as required by the Board. The personnel of Chandler Township do not have the internal expertise to prepare the annual financial statements and related footnotes in accordance with generally accepted accounting principles. We believe this meets the definition of a material weakness under Statement of Auditing Standard #112.

This communication is intended solely for the information and use of management, Chandler Township, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.


Nietzke & Faupel, P.C.
Pigeon, Michigan

September 8, 2008